

ORIGINAL

RECEIVED

SWIDLER BERLIN SHEREFF FRIEDMAN, LLP

2003 AUG -8 PM 1:10

T.R.A. DOCKET ROOM

THE WASHINGTON HARBOUR
3000 K STREET, NW, SUITE 300
WASHINGTON, DC 20007-5116
TELEPHONE (202) 424-7500
FACSIMILE (202) 424-7643
WWW.SWIDLAW.COM

NEW YORK OFFICE
THE CHRYSLER BUILDING
405 LEXINGTON AVENUE
NEW YORK, NY 10174
TELEPHONE (212) 973-0111
FACSIMILE (212) 891-9598

July 25, 2003

BY OVERNIGHT DELIVERY

Sharla Dillon, Dockets and Record Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

DOCKET NO.

0300468

**Re: Pro Forma Transfer of Control of Business Telecom, Inc. d/b/a BTI
Telecommunications, Inc.**

Dear Ms. Dillon:

Business Telecom, Inc. d/b/a BTI Telecommunications, Inc. ("BTI"), by its undersigned counsel, hereby notifies the Tennessee Regulatory Authority ("Authority") of a proposed pro forma transfer of control of BTI, a company authorized to provide telecommunications service in the State of Tennessee. As discussed below, BTI's indirect controlling shareholder Welsh, Carson, Anderson & Stowe VIII, L.P., along with WCAS Capital Partners III, L.P. and WCAS Information Partners, L.P., (collectively, "Welsh Carson"), will (i) make BTI and its parent holding company, BTI Telecom Corp. ("BTI Telecom"), subsidiaries of ITC^DeltaCom, Inc. ("ITC"), and (ii) will become a controlling shareholder of ITC. After consummation of the proposed transaction, Welsh Carson will continue to be BTI's indirect controlling shareholder.

BTI emphasizes that the transfer of control described herein is pro forma in nature because it will not result in a change in the ultimate controlling shareholder of BTI or otherwise change the operations of BTI. The proposed pro forma transaction will not involve an assignment of BTI's certification or a change in the day-to-day operations of the certificated company. In addition, there will be no change in the services offered to BTI's customers or the rates for BTI's regulated services. The transaction will be completely transparent to BTI's customers. Therefore, BTI submits that this transaction will serve the public interest.

Upon a review of Tennessee statutes and regulations, BTI understands that prior approval is not required to complete the transaction described herein. BTI therefore submits this Notification for the Authority's information and requests that it be retained by the Authority in the appropriate file. In the event the Authority determines that approval of the transaction is required, however, this letter should serve as a request for expedited approval.

BTI further states as follows:

The Parties

A. BTI

BTI is a privately held corporation organized pursuant to the laws of the State of North Carolina whose principal business is telecommunications. BTI is a wholly owned subsidiary of BTI Telecom, a privately held North Carolina holding company. BTI Telecom holds no regulatory licenses from this or any other regulatory commission.

BTI is a leading provider of integrated telecommunications services primarily in the southeastern United States. BTI is authorized to provide intrastate telecommunications services throughout Tennessee. BTI was authorized to provide service in Docket No. 98-00334 on October 7, 1998. In addition to the services provided to Tennessee consumers, BTI is authorized by the various state public service commissions to provide facilities-based and/or resold interexchange telecommunications services in the other 49 states and the District of Columbia, pursuant to certification, registration or tariff requirements, or on a deregulated basis. Additionally, BTI is currently authorized to provide competitive local exchange services in over 20 states.

B. Welsh, Carson, Anderson & Stowe

Welsh, Carson, Anderson & Stowe VIII, L.P., WCAS Capital Partners III, L.P. and WCAS Information Partners, L.P. are limited partnerships organized under the laws of the State of Delaware with their principal place of business located at 320 Park Avenue, Suite 2500, New York, New York 10022. Welsh, Carson, Anderson & Stowe VIII, L.P., WCAS Capital Partners III, L.P., and WCAS Information Partners, L.P. are affiliates of Welsh, Carson, Anderson & Stowe ("WCAS"), a U.S.-based private equity firm founded in 1979. WCAS, through Welsh Carson and other affiliates, holds ownership interests in telecommunications companies, as well as other companies in the information services and healthcare industries. Although the WCAS affiliates are not commonly owned, they are managed and controlled by the same ultimate group of individuals.

In addition to its indirect controlling ownership of BTI, Welsh Carson is also the largest minority shareholder of ITC's common stock. ITC is a publicly-held Delaware corporation headquartered in West Point, Georgia. Through its subsidiaries, ITC^DeltaCom Communications, Inc. and Interstate FiberNet, ITC provides voice and data telecommunications services on a retail basis to business and residential customers in the southern United States and regional telecommunications transmission services over its network on a wholesale basis to other telecommunications companies.

Sharla Dillon, Dockets and Record Manager

July 25, 2003

Page 3

C. Designated Contacts

The designated contacts for questions concerning this Notice Letter are:

Catherine Wang
Brett P. Ferencak
Swidler Berlin Shereff Friedman, LLP
3000 K Street, NW, Suite 300
Washington, D.C. 20007
Tel.: (202) 424-7500
Fax: (202) 424-7643
Email: CWang@swidlaw.com
BPFerencak@swidlaw.com

with a copy to:

Bruce R. Bullock
Vice President/ Associate General Counsel
Business Telecom, Inc.
4300 Six Forks Road
Raleigh, NC 27609
Tel.: (919) 863-7071
Fax: (919) 863-7098
Email: bruce.bullock@bti.com

and

Jonathan M. Rather
General Partner and CFO
Welsh, Carson, Anderson, & Stowe
320 Park Avenue
New York, NY 10022
Tel: (212) 893-9570
Fax: (212) 893-9548
Email: jrather@welshcarson.com

Description of Proposed Pro Forma Transaction

BTI notifies the Authority of a proposed transaction that will result in a pro forma transfer of control of BTI. BTI's indirect controlling shareholder Welsh Carson proposes to make BTI and its parent holding company, BTI Telecom, subsidiaries of ITC holding company.¹

¹ Welsh Carson is currently the largest minority shareholder of ITC's common stock. As a part of the proposed transaction, Welsh Carson will acquire additional shares of ITC, and will thus become the controlling owner of ITC.

After consummation of the proposed transaction, BTI Telecom, BTI's parent, will be a wholly owned direct subsidiary of ITC.² Welsh Carson will continue to be BTI's indirect controlling shareholder (albeit through two intervening corporate entities).

A chart showing this transaction is attached hereto as Attachment A.

Consistent with the pro forma nature of this transaction, BTI does not propose to change the name under which BTI currently operates or any other aspect of the manner in which BTI currently offers service in the State of Tennessee. Immediately following the proposed transaction, BTI will continue to offer the services it currently offers with no change in the rates, terms, or conditions of service. Thus, the pro forma transfer of control will be transparent to BTI's customers in the State of Tennessee with respect to the services that they receive and therefore will not cause customer confusion or inconvenience.

Public Interest Considerations

The proposed transaction will serve the public interest by enabling BTI and its owners to improve the operational and cost efficiencies of BTI's business. The proposed transaction will also enhance BTI's operational flexibility. By adding BTI to the ITC group of carriers, BTI will be in a better position to offer a broader array of high quality customer services at affordable rates. The proposed transaction will thus serve the public interest by promoting competition and providing consumer benefits. The proposed transaction will directly benefit Tennessee consumers by facilitating the continued provision of innovative, high-quality telecommunications services to the public and thereby promoting competition in the Tennessee telecommunications service market.

Conclusion

For the reasons stated above, BTI respectfully submits that the public interest, convenience, and necessity would be furthered by the proposed transaction. Accordingly, BTI respectfully advises the Authority of its intent to consummate this transaction as soon as possible.

² Specifically, the pro forma transfer will be accomplished through a merger of a wholly owned direct subsidiary of ITC into BTI Telecom, with BTI Telecom surviving. Welsh Carson's debt and equity interests in BTI will be exchanged for or converted into, respectively, shares and warrants of ITC, and Welsh Carson and certain of its affiliates will invest approximately \$35 million in additional cash in ITC in exchange for preferred stock. Welsh Carson will become the controlling shareholder of ITC on a fully diluted basis.

Sharla Dillon, Dockets and Record Manager
July 25, 2003
Page 5

An original and thirteen (13) copies of this letter are enclosed for filing. Please date stamp the extra copy and return it in the self-addressed, postage paid envelope provided. If there are any questions regarding this filing, please do not hesitate to contact Brett Ferenchak at (202) 424-7697.

Respectfully submitted,

A handwritten signature in black ink that reads "Brett P Ferenchak". The signature is written in a cursive, slightly slanted style.

Catherine Wang
Brett P. Ferenchak

Counsel for Business Telecom, Inc. d/b/a BTI
Telecommunications, Inc.

Attachments

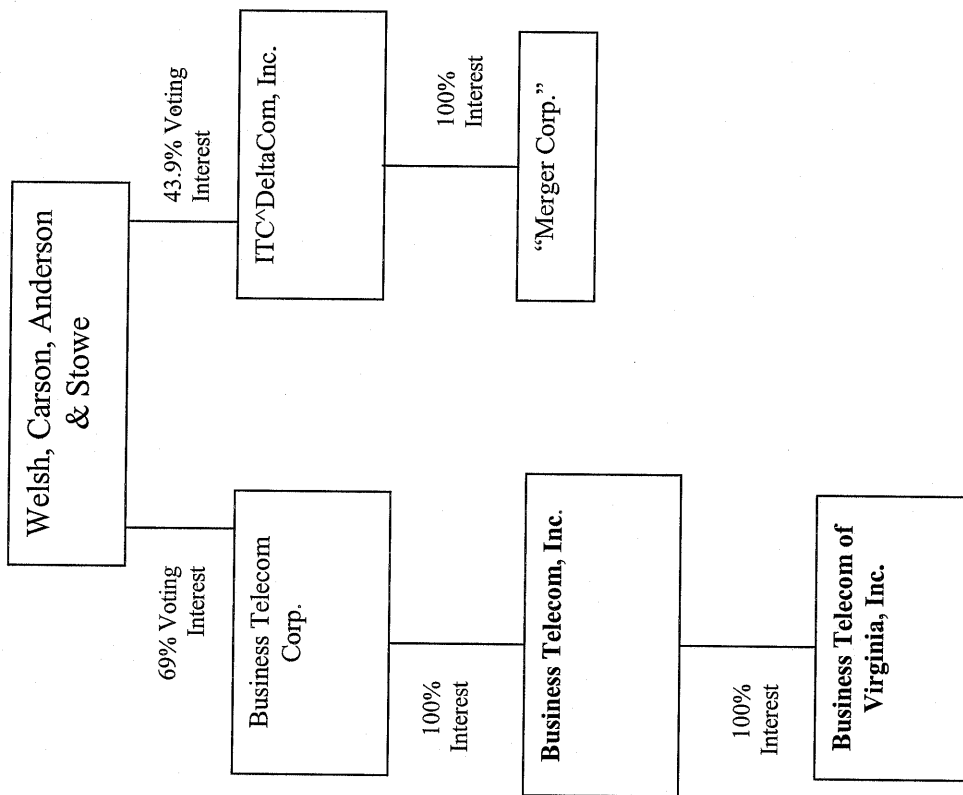
cc: Bruce R. Bullock
Jonathan M. Rather

ATTACHMENT A

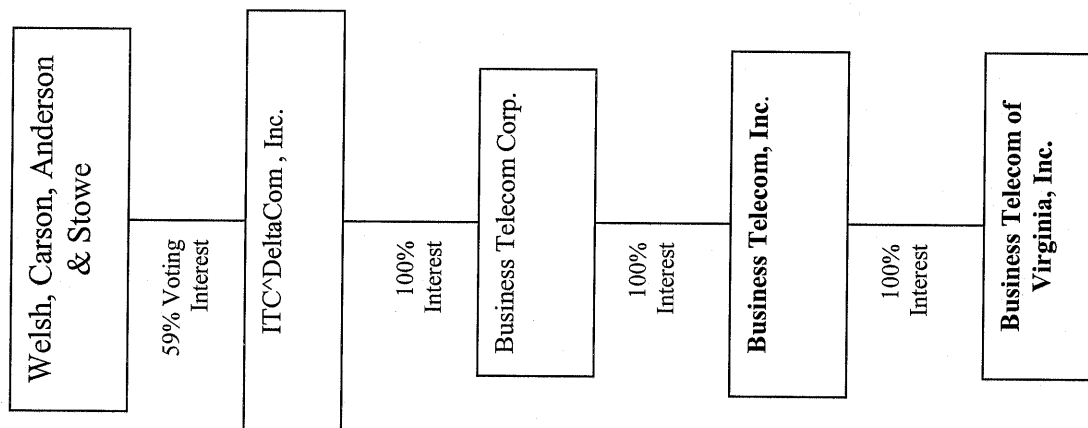
Chart of Proposed Transaction

CHART OF PROPOSED TRANSACTION

Pre-Transaction Corporate Structure



Post-Transaction Corporate Structure



VERIFICATIONS

VERIFICATION

I, Bruce R. Bullock, state that I am Vice President/Associate General Counsel of Business Telecom, Inc., a Party in the foregoing filing; that I am authorized to make this Verification on behalf of Business Telecom, Inc.; that the foregoing filing was prepared under my direction and supervision; and that the contents are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 23rd day of June, 2003.

A handwritten signature in cursive script, reading "Bruce R. Bullock", written over a horizontal line.

Bruce R. Bullock
Vice President/Associate General Counsel
Business Telecom, Inc.

VERIFICATION

I, Jonathan M. Rather, state that I am Chief Financial Officer of Welsh, Carson, Anderson & Stowe VIII, L.P., WCAS Capital Partners III, L.P. and WCAS Information Partners, L.P. (collectively, "Welsh Carson"); that I am authorized to make this Verification on behalf of Welsh Carson; that the foregoing filing was prepared under my direction and supervision; and that the contents are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct. Executed this

7th day of July, 2003.



Jonathan M. Rather
Chief Financial Officer
Welsh, Carson, Anderson & Stowe VIII, L.P.
WCAS Capital Partners III, L.P.
WCAS Information Partners, L.P.